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DE RUEHC #5838 0461606
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FM SECSTATE WASHDC
TO RUEHMO/AMEMBASSY MOSCOW 0000
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INFO RUEHHE/AMEMBASSY HELSINKI 0000
RUEAIIA/CIA WASHINGTON DC 0000
RUCPDOC/USDOC WASHINGTON DC 0000
RUEKJCS/SECDEF WASHINGTON DC
RHMCSSU/FBI WASHINGTON DC 0000
RUEPINS/HQ BICE INTEL WASHINGTON DC 0000

UNCLAS STATE 015838

SIPDIS

SENSITIVE
SIPDIS
MOSCOW FOR NICKOLAS KATSAKIS
POLMIL
STOCKHOLM FOR OLIVIA HILTON
ECON

E.O. 12958: N/A

TAGS: ETTC KOMC RS

SUBJECT: BLUE LANTERN LEVEL 3: PRE-LICENSE END-USE CHECK
ON APPLICATION 050087908

REF: BLUE LANTERN GUIDEBOOK 2006

¶11. (U) This is an Action Request. See paragraphs 2-4.

¶12. (U) The Department's Office of Defense Trade Controls Compliance (PM/DTCC) requests post's assistance in conducting a pre-license check on application 050087908 for the export of infrared searchlight equipment to Russia. Post is requested to complete this Blue Lantern check within 30 days. Lack of response to a Blue Lantern check will affect pending and future applications involving parties to this license.

¶13. (SBU) Reason for request: foreign end-user and consignee are both on PM/DTCC's Watchlist; vague and suspicious end-use statement; possible involvement of an unregistered broker. Foreign end-user Ulan-Ude Aviation Plant is on PM/DTCC's Watchlist and has never had its bona fides verified by a Blue Lantern check. An additional cause for concern is the end-use statement that the infrared searchlight equipment will be installed on a helicopter owned by Ulan Ude, which purportedly will be operated by the company on behalf of the Russian Federal Customs Service. In addition, foreign intermediate consignee Avitronics International AB appears to be acting as a broker in this proposed transaction. However, the company is not registered with the Department's Directorate of Defense Trade Controls (PM/DDTC) as a broker of USML parts, as required under U.S. law. Embassy Moscow should make appropriate inquiries to verify the bona fides of Ulan Ude and confirm the legitimacy of the proposed transaction. Embassy Stockholm should make appropriate inquiries to determine whether Avitronics is acting as a broker in this proposed transaction and whether the company is aware that U.S. law requires brokers of USML items to register with PM/DDTC. The following questions are provided as suggested guidance:

For the Russian Federal Customs Service, Siberian Department, Buryatia Branch:

--Have you hired Ulan Ude to use its helicopters to perform services on behalf of your agency?

--If so, does Ulan Ude require an infrared searchlight? What exact services will Ulan Ude performing on behalf of the Russian Federal Customs Service?

For Ulan Ude Aviation Plant:

--Does the company have proper supporting documentation, including a contract from the Russian Federal Customs Service, for this proposed transaction?

--Does the company understand the restrictions on United States Munitions List (USML) items, especially the prohibition against unauthorized re-transfers and re-exports? Does the company understand that USML items may be used only for the specific purpose stated on the export license?

For Avitronics International AB:

--Please describe your role in this proposed transaction.

--If serving as a broker in this proposed transaction, are you aware that U.S. law requires brokers of USML items to register with the State Department and to obtain prior authorization for many brokered transactions?

¶4. (SBU) For background, the following details of the license in question are provided:

DTC Case: 050087908

QUANTITY/COMMODITY:

1 SX-16 in flight changeover infrared searchlight assembly
1 SX-16 in flight changeover infrared searchlight, gimbal assembly
1 SX-16 in flight changeover infrared searchlight, control box assembly
1 SX-16 in flight changeover infrared searchlight, cable assembly flex
1 SX-16 in flight changeover infrared searchlight, cable assembly external
1 SX-16 in flight changeover infrared searchlight, operation and maintenance manual

License Value: USD 27,601.00

SELLER:

The Boeing Company
100 North Riverside
Chicago, IL 60606
Company contact: Julio Santiago, tel.: 703-4654-3650

Spectrolab, Inc.
(Wholly owned subsidiary of The Boeing Company)
12500 Gladstone Avenue
Sylmar, CA 91342
Company contact: Stephen P. Wallace, tel. 818-898-2831

FOREIGN CONSIGNEE:

Varova Oy
East Harbour Sompasaari, Makasiini S-1
Helsinki
Finland

FOREIGN INTERMEDIATE CONSIGNEE:

Avitronics International AB
Box 607
S-175 26 Jarfalla
Sweden

FOREIGN END-USER:

Ulan-Ude Aviation Plant
1, Khorinskaya Street
Ulan-Ude 670009
Russia

PURPOSE:

Commodities for use on end user's helicopter model Mi-8/17
used for Russian customs purposes

¶ 15. (U) Submitted in support of the license application were
the following documents (PM/DTCC can fax documentation to
post upon request):

--Nontransfer and Use Certificate (Form DSP-83), signed by
Robert Eklund, Director, Avitronics a.b., dated 09.24.2007;
and signed by Leonid Belykh, General Director, Ulan Ude
Aviation Plant, dated 12.07.2007

--Product brochure including technical specifications

--Cover letter from Spectrolab explaining the proposed
transaction, signed by Stephen P. Wallace, Manager of
Contracts, dated January 29, 2008

--Supplementary statement of purpose from Ulan Ude Aviation
Plant, signed by E. Milischuk, 1st Deputy General Director,
dated February 11, 2008, stating "This is to certify that
SX-16 IFCO Searchlight (part number 025000-131) manufactured
by Spectrolab Inc. is intended to be installed on Mi-17
helicopter owned by Ulan Ude Aviation plant. The helicopter
in question will be operated by Ulan Ude Aviation plant for
Russian Federal Customs Service, Siberian Department,
Buryatia Branch, Bld 4, Karl Marx Boulevard, 670031 Ulan Ude,
Buryatia Republic, Russian Federation. Ulan Ude Aviation
plant has all necessary infrastructure for helicopter
operation such as pilots, helipads, jet fuel station, air
traffic control tower, etc. Purpose of use: forestry,
transportation routes and border patrol to interdict illegal
export of timber and other natural resources."

¶ 16. (U) Please slug reply for PM/DTCC - BLUE LANTERN
COORDINATOR and include the words "Blue Lantern" and the case
number in the subject line. POC is Judd Stitziel, PM/DTCC,
Phone: 202-663-3455; email: StitzielJD@state.gov; SIPRNET:
StitzielJD@state.sgov.gov. The Blue Lantern Guidebook (ref)
is available as a PDF file in the Bunche Library's Electronic
Library collection on the DOS Intranet:
<http://virtuallibrary.state.gov/>
BlueLanternGuidebook2006%2520 final .pdf

¶ 17. (U) Department is grateful for post's assistance in this
matter.

RICE